GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:1427
ANSWERED ON:24.11.2016
Defaulting Infrastructure Projects
Tharoor Dr. Shashi

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the number of Non-performing Assets exist due to defaulting infrastructure projects, if so, the reasons therefor;

(b) whether any dedicated agency for infrastructure lending has been considered, if so, the details thereof, if not, the reasons therefor;

(c) whether there are differences in the project cost estimates by NHAI and the concessionaires which result in the delay of lending by the financial institutions and thereby escalating project cost and time overrun and if so, the reasons therefor; and

(d) whether institution of dispute settlement mechanism to settle disputes between the NHAI and concessionaires has been considered in this regard, if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

(SHRI PON. RADHAKRISHNAN)

(a) and (b) Some projects of National Highways Authority of India (NHAI) are delayed leading to non-performing assets. The reasons for delay are delay in land acquisition, utility shifting, non-availability of Soil/Aggregates, poor performance of contractors, delay in statutory clearances, public agitation, disputes etc. The Government has taken various steps to address fund crunch in such highway projects. These include one time fund infusion to revive and physically complete languishing national highway projects under Public-Private Partnership (PPP) mode and also allowed Rationalised Compensation to concessionaires, in case delays are not attributable to them. With a view to ameliorate the shortage of equity and improve liquidity, Government has also allowed Securitization of future cash flows, Deferment of Premium in stressed highway projects, Harmonious Substitution in financially stressed highway projects and 100% Equity Divestment after 2 years of construction of all highway projects under PPP mode. Various other steps have also been taken by the Government/ NHAI to remove the hurdles affecting the construction of NH projects which includes streamlining of land acquisition and regulatory clearances, close coordination with other ministries, revamped Disputes Resolution Mechanism etc.

(c) and (d) The differences in project cost estimates by NHAI and the concessionaires are mainly due to time lag in estimation and implementation. The reasons also include freedom to the concessionaire to choose best technology within the ambit of given specifications, considerations on lenders side etc. NHAI has an established system of dispute resolution through Independent settlement advisory Committee. However, there is no question of any dispute on the difference in project cost estimates once the agreement is signed.

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